

EXHIBIT 3

FASB Codification (ASC)» Revenue

605 Revenue recognition» 605-45 Principal agent considerations

605-45-00 Status

Publication date: 02 May 2016

General Note: The Status Section identifies changes to this Subtopic resulting from Accounting Standards Updates. The Section provides references to the affected Codification content and links to the related Accounting Standards Updates. Nonsubstantive changes for items such as editorial, link and similar corrections are included separately in Maintenance Updates.

FASB COD 605-45-00

605-45-00 Status - General

Publication date: 02 May 2016

FASB COD 605-45-00-1 **00-1** The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
Handling Costs	Superseded	Accounting Standards Update No. 2014-09	05/28/2014
Shipping Costs	Superseded	Accounting Standards Update No. 2014-09	05/28/2014
605-45-05-1 through 05-3	Superseded	Accounting Standards Update No. 2014-09	05/28/2014
605-45-15-1 through 15-5	Superseded	Accounting Standards Update No. 2014-09	05/28/2014
605-45-45-1 through 45-23	Superseded	Accounting Standards Update No. 2014-09	05/28/2014
605-45-50-1 through 50-4	Superseded	Accounting Standards Update No. 2014-09	05/28/2014
605-45-55-1 through 55-45	Superseded	Accounting Standards Update No. 2014-09	05/28/2014

605-45-05 Overview and background

Publication date: 02 May 2016

General Note: The Overview and Background Section provides overview and background material for the guidance contained in the Subtopic. It does not provide the historical background or due process. It may contain certain material

that users generally consider useful to understand the typical situations addressed by the standards. The Section does not summarize the accounting and reporting requirements.

FASB COD 605-45-05

605-45-05 Overview and background - General

Publication date: 02 May 2016

FASB COD 605-45-05-1 **05-1** [This Subtopic provides guidance as to whether an entity should report revenue gross or net of certain amounts paid to others. [EITF 99-19, paragraph ISSUE, sequence n/a]]The reporting depends on whether the entity functions as principal or agent.

Pending Content: ?

05-1 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-05-2 **05-2** Some of the more common issues in the determination of the gross or net presentation include the following:

1. a. [Goods or services sold over the Internet. [EITF 99-19, paragraph ISSUE, sequence n/a]] [Many entities that do business through the Internet do not stock inventory and may arrange for third-party suppliers to drop-ship merchandise on their behalf. [EITF 99-19, paragraph ISSUE, sequence n/a]]
2. b. [Services offered that will be provided by a third-party service provider. [EITF 99-19, paragraph ISSUE, sequence n/a]]
3. c. [[Shipping costs](#) and [handling costs](#) in connection with products sold. [EITF 00-10, paragraph ISSUE, sequence n/a]]
4. d. The collection of sales and other taxes for the government.

Pending Content: ?

05-2 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-05-3 **05-3** Among other things, in addition to the general concept of reporting gross or net, this Subtopic addresses all of the following:

1. a. [The income statement classification for shipping and handling fees and costs by entities that record revenue based on the gross amount billed to customers [[EITF 00-10, paragraph ISSUE, sequence n/a](#)]]
2. b. The income statement presentation for out-of-pocket expenses billed to customers
3. c. The income statement presentation of taxes collected from customers and remitted to governmental authorities.

Pending Content: ?

05-3 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

605-45-15 Scope and scope exceptions

Publication date: 02 May 2016

General Note: The Scope and Scope Exceptions Section outlines the items (for example, the entities, transactions, instruments, or events) to which the guidance in the Subtopic does or does not apply. In some cases, the Section may contain definitional or other text to frame the scope.

General Note for Financial Instruments: Some of the items subject to the guidance in this Subtopic are [financial instruments](#). For guidance on matters related broadly to all financial instruments, (including the fair value option, accounting for registration payment arrangements, and broad financial instrument disclosure requirements), see Topic [825](#). See Section [825-10-15](#) for guidance on the scope of the Financial Instruments Topic.

FASB COD 605-45-15

605-45-15 Scope and scope exceptions - General

Publication date: 02 May 2016

> Entities

FASB COD 605-45-15-1 **15-1** The guidance in this Subtopic applies to all entities.

Pending Content: ?

15-1 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** 606-10-65-1*Editor's Note: Paragraph 605-45-15-1 will be superseded upon transition, together with its heading:*> **Entities**[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

> Transactions

FASB COD 605-45-15-2 **15-2** The guidance in this Subtopic may apply to, but is not limited to, the following transactions and activities:

1. a. Arrangements with third-party suppliers to drop-ship merchandise on behalf of the entity.
2. b. Services offered by an entity that will be provided by a third-party service provider.
3. c. [Shipping and handling fees and costs billed to customers. [EITF 00-10, paragraph ISSUE, sequence n/a]]
4. d. [Reimbursements for out-of-pocket expenses. Those expenses often include, but are not limited to, expenses related to [EITF 01-14, paragraph ISSUE, sequence n/a]][airfare, [EITF 01-14, paragraph ISSUE, sequence n/a]][mileage, [EITF 01-14, paragraph ISSUE, sequence n/a]][hotel stays, [EITF 01-14, paragraph ISSUE, sequence n/a]][out-of-town meals, [EITF 01-14, paragraph ISSUE, sequence n/a]][photocopies, and [EITF 01-14, paragraph ISSUE, sequence n/a]][telecommunications and facsimile charges. [EITF 01-14, paragraph ISSUE, sequence n/a]]
5. e. [Taxes collected from customers and remitted to governmental authorities, including any tax assessed by a governmental authority that is both imposed on and concurrent with a specific revenue-producing transaction between

a seller and a customer. These taxes may include, but are not limited to, sales, use, value added, and some excise taxes. However, this Subtopic does not apply to tax schemes that are based on gross receipts and taxes that are imposed during the inventory procurement process. [EITF 06-03, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

15-2 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** 606-10-65-1

Editor's Note: Paragraph 605-45-15-2 will be superseded upon transition, together with its heading:

> Transactions

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-15-3 **15-3** [The guidance in this Subtopic is not limited to entities that sell products or services over the Internet. Examples of (a) and (b) in the preceding paragraph may include, but are not limited to, transactions related to advertisements, mailing lists, event tickets, travel tickets, auctions (and reverse auctions), magazine subscription brokers, and catalog, consignment, or special-order retail sales. [EITF 99-19, paragraph ISSUE, sequence n/a]]

Pending Content: ?

15-3 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** 606-10-65-1

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-15-4 **15-4** The guidance in this Subtopic does not apply to the following transactions and activities:

1. a. [Shipping and handling fees billed and costs incurred by shipping entities or businesses that provide those services on an outsourcing basis [EITF 00-10, paragraph ISSUE, sequence n/a]]
2. b. [Transactions for which guidance is provided in other Subtopics of the Codification, including the following: [EITF 01-14, paragraph ISSUE, sequence n/a]]
 1. 1. [Sales of financial assets, including debt and equity securities, loans, and receivables [EITF 01-14, paragraph ISSUE, sequence n/a]]
 2. 2. [Lending transactions [EITF 01-14, paragraph ISSUE, sequence n/a]]
 3. 3. [Insurance and reinsurance premiums [EITF 01-14, paragraph ISSUE, sequence n/a]]
 4. 4. [Reimbursements received for expenses incurred in other specialized industries for which the accounting for such reimbursements is addressed. [EITF 01-14, paragraph ISSUE, sequence n/a]]
3. c. [Other revenue transactions by entities in specialized industries such as airlines, broker-dealers, casinos, investment companies, not-for-profit entities (NFPs), construction contractors, and federal governmental contractors [EITF 99-19, paragraph ISSUE, sequence n/a]]
4. d. [Rebates, [EITF 99-19, paragraph ISSUE, sequence n/a]] [coupons, incentives, and free products, which are addressed in Subtopic [605-50](#) [EITF 99-19, paragraph ISSUE, sequence n/a]]
5. e. [Display issues for vendor promotional activities, multiple-element revenue arrangements, and point and other loyalty programs. [EITF 99-19, paragraph ISSUE, sequence n/a]]

Pending Content: ?

15-4 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** 606-10-65-1

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

> Other Considerations

FASB COD 605-45-15-5 **15-5** [This Subtopic does not address when revenue shall be recorded, including whether revenue shall be deferred (a liability established) because the earnings process is not complete. [EITF 99-19, paragraph ISSUE,

sequence n/a]]

Pending Content: ?

15-5 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** 606-10-65-1

Editor's Note: Paragraph 605-45-15-5 will be superseded upon transition, together with its heading:

> **Other Considerations**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

605-45-20 Glossary

Publication date: 02 May 2016

General Note: The Master Glossary contains all terms identified as glossary terms throughout the Codification. Clicking on any term in the Master Glossary will display where the term is used. The Master Glossary may contain identical terms with different definitions, some of which may not be appropriate for a particular Subtopic. For any particular Subtopic, users should only use the glossary terms included in the particular Subtopic Glossary Section (Section 20).

FASB COD 605-45-20

605-45-20 Glossary - Handling costs

Publication date: 02 May 2016

FASB COD 605-45-20-111877

[Costs incurred to store, move, and prepare the products for shipment. Generally, handling costs are incurred from the point the product is removed from finished goods inventory to the point the product is provided to the shipper and often include an allocation of internal overhead. [EITF 00-10, paragraph ISSUE, sequence n/a]]

Note: The following definition is Pending Content; see Transition Guidance in [606-10-65-1](#).

[Glossary term superseded by Accounting Standards Update No. 2014-09](#)

605-45-20 Glossary - Shipping costs

Publication date: 02 May 2016

FASB COD 605-45-20-111956

[Costs incurred to physically move the product from the seller's place of business to the buyer's designated location. Shipping costs generally comprise payments to third-party shippers but also may be costs incurred directly by the seller. [EITF 00-10, paragraph ISSUE, sequence n/a]]

Note: The following definition is Pending Content; see Transition Guidance in 606-10-65-1.

[Glossary term superseded by Accounting Standards Update No. 2014-09](#)

605-45-45 Other presentation matters

Publication date: 02 May 2016

General Note: The Other Presentation Matters Section provides guidance on other presentation matters not addressed in the Recognition, Initial Measurement, Subsequent Measurement, and Derecognition Sections. Other presentation matters may include items such as current or long-term balance sheet classification, cash flow presentation, earnings per share matters, and so forth. The FASB Codification also contains Presentation Topics, which provide guidance for general presentation and display items. See those Topics for general guidance.

FASB COD 605-45-45

605-45-45 Other presentation matters - General

Publication date: 02 May 2016

> Overall Considerations of Reporting Revenue Gross as a Principal versus Net as an Agent

FASB COD 605-45-45-1 **45-1** [It is a matter of judgment whether an entity should report revenue based on either of the following: [EITF 99-19, paragraph ISSUE, sequence n/a]]

1. a. [The gross amount billed to a customer because it has earned revenue (as a principal) from the sale of the goods or services [EITF 99-19, paragraph ISSUE, sequence n/a]]
2. b. [The net amount retained (that is, the amount billed to the customer less the amount paid to a supplier) because it has earned a commission or fee as an agent. [EITF 99-19, paragraph ISSUE, sequence n/a]]

Pending Content: ?

45-1 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-1 will be superseded upon transition, together with its heading:

> Overall Considerations of Reporting Revenue Gross as a Principal versus Net as an Agent

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-45-2 **45-2** [The factors or indicators set forth in this Section shall be considered in that evaluation. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-2 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Indicators of Gross Revenue Reporting

FASB COD 605-45-45-3 **45-3** The following eight indicators may support reporting gross revenue.

Pending Content: ?

45-3 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-3 will be superseded upon transition, together with its heading:

> > **Indicators of Gross Revenue Reporting**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Entity Is the Primary Obligor in the Arrangement

FASB COD 605-45-45-4 **45-4** [Whether a supplier or an entity is responsible for providing the product or service desired by the customer is a strong indicator of the entity's role in the transaction. If an entity is responsible for fulfillment, including the acceptability of the products or services ordered or purchased by the customer, that fact is a strong indicator that an entity has risks and rewards of a principal in the transaction and that it should record revenue gross based on the amount billed to the customer. Representations (written or otherwise) made by an entity during marketing and the terms of the sales contract generally will provide evidence as to whether the entity or the supplier is responsible for fulfilling the ordered product or service. Responsibility for arranging transportation for the product ordered by a customer is not responsibility for fulfillment. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-4 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-4 will be superseded upon transition, together with its heading:

> > > **The Entity Is the Primary Obligor in the Arrangement**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Entity Has General Inventory Risk—Before Customer Order Is Placed or Upon Customer Return

FASB COD 605-45-45-5 **45-5** [Unmitigated general inventory risk is a strong indicator that an entity has risks and rewards as a principal in the transaction and, therefore, that it should record revenue gross based on the amount billed to the customer. General inventory risk exists if an entity [EITF 99-19, paragraph DISCUSSION, sequence n/a]] takes title to a product before that product is ordered by a customer (that is, maintains the product in inventory) [EITF 99-19, paragraph DISCUSSION, sequence n/a]] or will take title to the product if it is returned by the customer (that is, back-end inventory risk) [EITF 99-19, paragraph DISCUSSION, sequence n/a]] and the customer has a right of return. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-5 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-5 will be superseded upon transition, together with its heading:

> > > **The Entity Has General Inventory Risk—Before Customer Order Is Placed or Upon Customer Return**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-45-6 **45-6** [Evaluation of this indicator shall include arrangements between an entity and a supplier that reduce or mitigate the entity's risk level. For example, an entity's risk may be reduced significantly or essentially eliminated if the entity has the right to return unsold products to the supplier or receives inventory price protection from the supplier. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-6 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-45-7 **45-7** [A similar and equally strong indicator of gross reporting exists if a customer arrangement involves services and the entity is obligated to compensate the individual service provider for work performed regardless of whether the customer accepts that work. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-7 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Entity Has Latitude in Establishing Price

FASB COD 605-45-45-8 **45-8** [If an entity has reasonable latitude, within economic constraints, to establish the exchange price with a customer for the product or service, that fact may indicate that the entity has risks and rewards of a principal in the transaction and that it should record revenue gross based on the amount billed to the customer. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-8 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-8 will be superseded upon transition, together with its heading:

> > > **The Entity Has Latitude in Establishing Price**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Entity Changes the Product or Performs Part of the Service

FASB COD 605-45-45-9 **45-9** [If an entity physically changes the product (beyond its packaging) or performs part of the service ordered by a customer, that fact may indicate that the entity is primarily responsible for fulfillment, including the ultimate acceptability of the product component or portion of the total services furnished by the supplier, and that it should record revenue gross based on the amount billed to the customer. This indicator is evaluated from the perspective of the product or service itself such that the selling price of that product or service is greater as a result of an entity's physical change of the product or performance of the service and is not evaluated based on other entity attributes such as marketing skills, market coverage, distribution system, or reputation. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-9 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-9 will be superseded upon transition, together with its heading:

> > > The Entity Changes the Product or Performs Part of the Service

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Entity Has Discretion in Supplier Selection

FASB COD 605-45-45-10 **45-10** [If an entity has multiple suppliers for a product or service ordered by a customer and discretion to select the supplier that will provide the product or service ordered by a customer, that fact may indicate that the entity is primarily responsible for fulfillment and that it should record revenue gross based on the amount billed to the customer. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-10 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-10 will be superseded upon transition, together with its heading:

> > > The Entity Has Discretion in Supplier Selection

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Entity Is Involved in the Determination of Product or Service Specifications

FASB COD 605-45-45-11 **45-11** [If an entity must determine the nature, type, characteristics, or specifications of the product or service ordered by the customer, that fact may indicate that the entity is primarily responsible for fulfillment and that it should record revenue gross based on the amount billed to a customer. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-11 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-11 will be superseded upon transition, together with its heading:

> > > The Entity Is Involved in the Determination of Product or Service Specifications

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Entity Has Physical Loss Inventory Risk—After Customer Order or During Shipping

FASB COD 605-45-45-12 **45-12** [Physical loss inventory risk exists if [EITF 99-19, paragraph DISCUSSION, sequence n/a]] [title to the product is transferred to an entity at the shipping point (for example, the supplier's facilities) [EITF 99-19, paragraph DISCUSSION, sequence n/a]] [and is transferred from that entity to the customer upon delivery. [EITF 99-19, paragraph DISCUSSION, sequence n/a]] Physical loss inventory risk also exists if an entity takes title to the product after a customer order has been received but before the product has been transferred to a carrier for shipment. This indicator may provide some evidence, albeit less persuasive than general inventory risk, that an entity should record revenue gross based on the amount billed to the customer. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-12 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-12 will be superseded upon transition, together with its heading:

> > > The Entity Has Physical Loss Inventory Risk—After Customer Order or During Shipping

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Entity Has Credit Risk

FASB COD 605-45-45-13 **45-13** [If an entity assumes credit risk for the amount billed to the customer, that fact may provide weaker evidence that the entity has risks and rewards as a principal in the transaction and, therefore, that it should record revenue gross for that amount. Credit risk exists if an entity is responsible for collecting the sales price from a customer but must pay the amount owed to a supplier after the supplier performs, regardless of whether the sales price is fully collected. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-13 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-13 will be superseded upon transition, together with its heading:

> > > The Entity Has Credit Risk

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-45-14 **45-14** [A requirement that an entity return or refund only the net amount it earned in the transaction if the transaction is cancelled or reversed is not evidence of credit risk for the gross transaction. Credit risk is not present if an entity fully collects the sales price prior to the delivery of the product or service to the customer (in other words, before the entity incurs an obligation to the supplier). Credit risk is mitigated, for example, if a customer pays by credit card and an entity obtains authorization for the charge in advance of product shipment or service performance. Credit risk that has been substantially mitigated is not an indicator of gross reporting. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-14 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Indicators of Net Revenue Reporting

FASB COD 605-45-45-15 **45-15** The following three indicators may support reporting net revenue.

Pending Content: ?

45-15 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-15 will be superseded upon transition, together with its heading:

> > Indicators of Net Revenue Reporting

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Entity's Supplier Is the Primary Obligor in the Arrangement

FASB COD 605-45-45-16 **45-16** [Whether a supplier or an entity is responsible for providing the product or service desired by a customer is a strong indicator of the entity's role in the transaction. If a supplier (and not the entity) is responsible for

fulfillment, including the acceptability of the products or services ordered or purchased by a customer, that fact may indicate that the entity does not have risks and rewards as principal in the transaction and that it should record revenue net based on the amount retained (that is, the amount billed to the customer less the amount paid to a supplier). Representations (written or otherwise) made by an entity during marketing and the terms of the sales contract generally will provide evidence as to a customer's understanding of whether the entity or the supplier is responsible for fulfilling the ordered product or service. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-16 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-16 will be superseded upon transition, together with its heading:

> > > **The Entity's Supplier Is the Primary Obligor in the Arrangement**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Amount the Entity Earns Is Fixed

FASB COD 605-45-45-17 **45-17** [If an entity earns a fixed dollar amount per customer transaction regardless of the amount billed to a customer or if it earns a stated percentage of the amount billed to a customer, that fact may indicate that the entity is an agent of the supplier and should record revenue net based on the amount retained. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-17 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-17 will be superseded upon transition, together with its heading:

> > > **The Amount the Entity Earns Is Fixed**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> The Supplier Has Credit Risk

FASB COD 605-45-45-18 **45-18** [If credit risk exists (that is, the sales price has not been fully collected prior to delivering the product or service) but that credit risk is assumed by a supplier, that fact may indicate that the entity is an agent of the supplier and, therefore, the entity should record revenue net based on the amount retained. [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-18 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-18 will be superseded upon transition, together with its heading:

> > > **The Supplier Has Credit Risk**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

> Shipping and Handling Fees and Costs

FASB COD 605-45-45-19 **45-19** [Many sellers charge customers for shipping and handling in amounts that exceed the

related costs incurred. [EITF 00-10, paragraph ISSUE, sequence n/a][The components of shipping and handling [EITF 00-10, paragraph ISSUE, sequence n/a]] costs, and the determination of the amounts billed to customers for shipping and handling, may differ from entity to entity. Some entities define [shipping costs](#) and [handling costs](#) as only those costs incurred for a third-party shipper to transport products to the customer. Other entities include as shipping and handling costs a portion of internal costs, for example, salaries and overhead related to the activities to prepare goods for shipment. In addition, some entities charge customers only for amounts that are a direct reimbursement for shipping and, if discernible, direct incremental handling costs; however, many other entities charge customers for shipping and handling in amounts that are not a direct pass-through of costs. [EITF 00-10, paragraph ISSUE, sequence n/a]]

Pending Content: ?

45-19 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-19 will be superseded upon transition, together with its heading:

> **Shipping and Handling Fees and Costs**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-45-20 **45-20** [For those entities that determine under the indicators listed in paragraphs [605-45-45-4 through 45-18](#) that shipping and handling fees shall be reported gross, all amounts billed to a customer in a sale transaction related to shipping and handling represent revenues earned for the goods provided and shall be classified as revenue. [EITF 00-10, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-20 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-45-21 **45-21** [Also, shipping and handling costs shall not be deducted from revenues (that is, netted against shipping and handling revenues). [EITF 00-10, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-21 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

> **Reimbursements Received for Out-of-Pocket Expenses Incurred**

FASB COD 605-45-45-22 **45-22** [In some cases, the service provider and the customer agree that the customer will reimburse the service provider for the actual amount of out-of-pocket expenses incurred. In other cases, the parties negotiate a single flat fee that is intended to compensate the service provider for both professional services rendered and out-of-pocket expenses incurred. [EITF 01-14, paragraph ISSUE, sequence n/a]]

Pending Content: ?

45-22 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-45-22 will be superseded upon transition, together with its heading:

> **Reimbursements Received for Out-of-Pocket Expenses Incurred**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-45-23 **45-23** [Reimbursements received for out-of-pocket expenses incurred shall be characterized as revenue in the income statement. [EITF 01-14, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

45-23 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

605-45-50 Disclosure

Publication date: 02 May 2016

General Note: The Disclosure Section provides guidance regarding the disclosure in the notes to financial statements. In some cases, disclosure may relate to disclosure on the face of the financial statements.

FASB COD 605-45-50

605-45-50 Disclosure - General

Publication date: 02 May 2016

> Gross Transaction Volumes

FASB COD 605-45-50-1 **50-1** [Voluntary disclosure of gross transaction volume for those revenues reported net may be useful to users of financial statements. Such disclosure can be made parenthetically in the income statement or in the notes to the financial statements. However, if gross amounts are disclosed on the face of the income statement, they shall not be characterized as revenues (a description such as gross billings may be appropriate), nor shall they be reported in a column that sums to net income or loss. (This does not apply to the disclosure of taxes collected and remitted to governmental authorities; see paragraphs [605-45-50-3 through 50-4](#).) [EITF 99-19, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

50-1 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-50-1 will be superseded upon transition, together with its heading:

> Gross Transaction Volumes

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

> Shipping and Handling Fees and Costs

FASB COD 605-45-50-2 **50-2** [The classification of shipping and [handling costs](#) is an accounting policy decision that shall be disclosed pursuant to Topic [235](#). An entity may adopt a policy of including shipping and handling costs in cost of sales. If [shipping costs](#) or handling costs are significant and are not included in cost of sales (that is, if those costs are accounted for together or separately on other income statement line items), an entity shall disclose both the amount of such costs and the line item or items on the income statement that include them. [EITF 00-10, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

50-2 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-50-2 will be superseded upon transition, together with its heading:

> **Shipping and Handling Fees and Costs**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

> Taxes Collected from Customers and Remitted to Governmental Authorities

FASB COD 605-45-50-3 **50-3** [The presentation of taxes within the scope of this Subtopic on either a gross basis (included in revenues and costs) or a net basis (excluded from revenues) is an accounting policy decision that shall be disclosed pursuant to Topic [235](#). [EITF 06-03, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

50-3 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-50-3 will be superseded upon transition, together with its heading:

> **Taxes Collected from Customers and Remitted to Governmental Authorities**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-50-4 **50-4** [For any such taxes that are reported on a gross basis, an entity shall disclose the amounts of those taxes in interim and annual financial statements for each period for which an income statement is presented if those amounts are significant. The disclosure of those taxes can be done on an aggregate basis. [EITF 06-03, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

50-4 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

605-45-55 Implementation guidance and illustrations

Publication date: 02 May 2016

General Note: The Implementation Guidance and Illustrations Section contains implementation guidance and illustrations that are an integral part of the Subtopic. The implementation guidance and illustrations do not address all possible variations. Users must consider carefully the actual facts and circumstances in relation to the requirements of the Subtopic.

FASB COD 605-45-55

605-45-55 Implementation guidance and illustrations - General

Publication date: 02 May 2016

> Illustrations

>> Example 1: Facilitator of Sales of Home Furnishing Products

FASB COD 605-45-55-1 **55-1** This Example illustrates the guidance in paragraphs [605-45-45-4 through 45-18](#).

Pending Content: ?

55-1 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-1 will be superseded upon transition, together with its headings:

> Illustrations

> > **Example 1: Facilitator of Sales of Home Furnishing Products**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-2 **55-2** [Entity A facilitates the sale of home furnishing products. Each product marketed has a unique supplier and that supplier is identified in product catalogs distributed to customers. Entity A maintains no inventories of products in advance of customer orders. Entity A takes title to the products ordered by customers at the point of shipment from suppliers. Title is passed to the customer upon delivery. The gross amount owed by a customer is charged to the customer's credit card prior to shipment and Entity A is the merchant of record. Entity A is responsible for collecting the credit card charges and must remit amounts owed to suppliers regardless of whether that collection occurs. Suppliers set product selling prices. Entity A retains a fixed percentage of the sales price and remits the balance to the supplier. Written information provided to customers during marketing and included in the terms of sales contracts states the following. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

- [Entity A manages ordering, shipping, and billing processes to help you purchase home furnishing products. Entity A does not buy, sell, manufacture, or design the products. When you use Entity A, you are purchasing the products from the Suppliers. Entity A has no control over the quality or safety of the products listed. Orders will not be binding on Entity A or the Suppliers until the applicable Supplier accepts them. Entity A will process your requests for order changes, cancellations, returns, and refunds with the applicable Supplier. All order changes, cancellations, returns, or refunds are governed by the Supplier's policies, and you agree to pay additional shipment costs or restocking charges imposed by the Supplier. You agree to deal directly with the Supplier regarding warranty issues. Entity A will not be liable for loss, damage, or penalty resulting from delivery delays or delivery failures due to any cause beyond reasonable control. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-2 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-3 **55-3** [Based on an evaluation of the circumstances, certain of the indicators point toward gross reporting, while other indicators point toward net reporting. Entity A concludes that revenues should be reported net in this Example. Although indicators of gross reporting exist for physical loss inventory risk (during shipping) and credit risk (for collecting amounts charged to credit cards), those indicators are not sufficient to overcome the stronger indicators that revenues should be reported net, including that both: [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

1. a. [The supplier, not the entity, is the primary obligor. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
2. b. [The amount earned by the entity is a fixed percentage of the total amount billed to the customer. [EITF 99-19,

paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-3 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Example 2: Reseller of Office Furniture

FASB COD 605-45-55-4 **55-4** This Example illustrates the guidance in paragraphs [605-45-45-4 through 45-18](#).

Pending Content: ?

55-4 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-4 will be superseded upon transition, together with its heading:

> > **Example 2: Reseller of Office Furniture**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-5 **55-5** [Reseller of office furniture receives an order for a large quantity of desks with unique specifications. Reseller and the customer develop the specifications for the desks and negotiate the selling price for the desks. Reseller is responsible for selecting the supplier. Reseller contracts with a supplier to manufacture the desks, communicates the specifications, and arranges to have the supplier deliver the desks directly to the customer. Title to the desks will pass directly from the supplier to the customer upon delivery. (Reseller never holds title to the desks.) Reseller is responsible for collecting the sales price from the customer and is obligated to pay the supplier when the desks are delivered, regardless of whether the sales price has been collected. Reseller extends 30-day payment terms to the customer after performing a credit evaluation. Reseller's profit is based on the difference between the sales price negotiated with the customer and the price charged by the selected manufacturer. The order contract between Reseller and the customer requires the customer to seek remedies for defects from the supplier under its warranty. Reseller is responsible for customer claims resulting from errors in specifications. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-5 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-6 **55-6** [After applying the indicators, Reseller concludes that revenue from the transaction should be reported based on the gross amount billed to the customer. The fact pattern does not clearly point to either the supplier or Reseller as the primary obligor to the customer. Reseller has complete latitude in negotiating the selling price for the desks and selecting a supplier among alternatives, and it earns a variable amount in the transaction equal to the difference between the selling price negotiated with the customer and the amount to be paid to the supplier, pointing to gross reporting. Finally, Reseller has credit risk from financing amounts billed to customers as accounts receivable, which is a weaker indicator that revenue should be reported gross. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-6 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Example 3: Grain Merchant

FASB COD 605-45-55-7 **55-7** This Example illustrates the guidance in paragraphs [605-45-45-4 through 45-18](#).

Pending Content: ?

55-7 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-7 will be superseded upon transition, together with its heading:

> > **Example 3: Grain Merchant**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-8 **55-8** [Entity G is a large grain merchant that maintains inventory sites throughout the regions where crops are grown. Most of Entity G's business involves the purchase of grain from local producers, which is stored and resold to customers such as mills, bakeries, and other users. However, a portion of Entity G's business involves merchandising grain between unrelated producers and customers in return for a commission paid by the producer that is a percentage of the selling price (plus reimbursement for [shipping costs](#)). Entity G negotiates the selling price subject to acceptance by the producer. This grain is handled by Entity G in the same manner as grain purchased for the Entity's own inventory. The grain is picked up by Entity G and stored on its premises on a segregated basis until the scheduled shipping date. While in storage, title to the grain resides with the producer; however, Entity G is responsible for any physical loss. If the customer order is cancelled while the grain is in storage, the producer is obligated to pay Entity G handling and storage fees until another buyer is located. The producer is responsible for collecting the sales price from the customer and for settling any claims by the customer. Title to the grain never passes to Entity G. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-8 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-9 **55-9** [After applying the indicators, Entity G concludes that it should record revenue from its grain merchandising activities for the net amount earned in those transactions. The only indicator of gross reporting is that Entity G has physical loss inventory risk while the grain is on its premises, a less persuasive indicator of gross reporting. Indicators of net reporting are all of the following: [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

1. a. [The producer is the primary obligor to the customer as the producer is responsible for fulfillment, including remedies if the customer is dissatisfied. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
2. b. [Entity G earns a fixed percentage of the selling price to the customer. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
3. c. [The producer, and not Entity G, has credit risk for the gross amount billed to the customer. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-9 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Example 4: Chain of Athletic Shoe Stores

FASB COD 605-45-55-10 **55-10** This Example illustrates the guidance in paragraphs [605-45-45-4 through 45-18](#).

Pending Content: ?

55-10 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-10 will be superseded upon transition, together with its heading:

> > **Example 4: Chain of Athletic Shoe Stores**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-11 **55-11** [A major Chain of athletic shoe stores obtains 60% of its seasonal shoes from an overseas source. The lead-time for the order is four months and the selling season lasts three months. Chain takes title to the products upon delivery and is obligated to pay the Supplier according to typical industry payment terms. Selling prices for the products are determined exclusively by Chain. As long as Chain devotes at least 20% of its advertising budget to the Supplier's brands and prices the shoes within 20% of the national average price, Chain may return for full credit any unsold shoes and any customer returns within 60 days of the end of the season. Sales to customers are by cash or credit card. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-11 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-12 **55-12** [After applying the indicators, Chain concludes that revenue from sales of products from the overseas source should be reported based on the gross amount charged to customers. Indicators of gross reporting are all of the following: [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

1. a. [Chain is the primary obligor to the customer, a strong indicator, as Chain is responsible for fulfillment and customer remedies in the event of dissatisfaction. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
2. b. [Chain has general inventory risk as a result of taking title and maintaining inventory, although that risk is mitigated through the return provisions with the supplier. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
3. c. [Chain has complete latitude to set the prices for the products (even though product pricing may affect the chain's return rights and expose it to greater inventory risk) and the net amount to be earned varies with that selling price. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
4. d. [Chain also has credit risk for credit card transactions (a weaker indicator). No indicators of net reporting are present. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-12 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-13 **55-13** [A change in the fact pattern as to product return provisions for unsold products between the Chain and the Supplier would not change the result that Chain should report revenue gross. Those changes would include, for example, a vendor-imposed restocking fee or a limit on the number of items that may be returned. Those types of changes would increase the amount of general inventory risk present and increase the strength of that indicator of gross reporting. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-13 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-14 **55-14** [In this Example, the conclusion to report revenue gross based on the indicators would not be affected if the products sold by Chain were in Chain's inventory on a consignment basis. While a consignment arrangement would eliminate the general inventory risk indicator of gross reporting, the primary obligor indicator, a strong indicator of gross reporting, and the pricing latitude and credit risk gross indicators continue to point to gross reporting. Further, there continues to be no indicator of net reporting. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-14 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Example 5: Internet-Based College Applications Servicer

FASB COD 605-45-55-15 **55-15** This Example illustrates the guidance in paragraphs [605-45-45-4 through 45-18](#).

Pending Content: ?

55-15 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-15 will be superseded upon transition, together with its heading:

> > **Example 5: Internet-Based College Applications Servicer**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-16 **55-16** [Servicer provides Internet-based college application services to assist applicants in applying for admission to colleges. Servicer enters into a service contract with a college to place the college's application forms electronically on Servicer's website. Applicants can either access Servicer's website directly or clickthrough from the subscribing college's website to complete an application. Applicants electronically submit the completed application to Servicer. The applicant also submits credit card information so that Servicer can charge the applicant's credit card for the college's admission fee. Before accepting the application, Servicer verifies the applicant's credit availability and charges the applicant's credit card. The Servicer then promptly forwards the application to the college. Servicer is the merchant of record in the transaction with the applicant and collects the proceeds from the applicant's credit card issuer. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-16 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-17 **55-17** [The contract with the college compensates Servicer with either a fixed dollar fee or a fixed percentage of the admission fee, which Servicer withholds from the admission fees collected. The college determines its own admission fee. Servicer and the college negotiate the withholding of Servicer's fee from an applicant's admission fee in advance. On the 15th day of each month, Servicer remits to the college all proceeds collected in the prior month, net of Servicer's fees. If the applicant subsequently denies the credit card charge, Servicer is at full risk of loss for the admission fee and remains obligated to remit the college's share of the admission fee to the college. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-17 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-18 **55-18** [After applying the indicators, Servicer concludes that revenue should be reported for the net amount earned in the application transactions. Indicators of net reporting are both of the following: [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

1. a. [The college, and not Servicer, is the primary obligor to the applicant, because the college is responsible for reviewing and accepting or denying applications. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
2. b. [The college sets the admission fee and Servicer receives a fixed percentage of that amount. An indicator of gross reporting is present only for credit risk in the form of collecting credit card charges, a weaker indicator. Similar to Example 1 (see paragraph [605-45-55-1](#)), the credit risk indicator for gross reporting is not sufficiently strong to overcome the indicators for net reporting. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-18 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Example 6: Credit Card Processing Servicer

FASB COD 605-45-55-19 **55-19** This Example illustrates the guidance in paragraphs [605-45-45-4 through 45-18](#)

Pending Content: ?

55-19 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-19 will be superseded upon transition, together with its heading:

> > **Example 6: Credit Card Processing Servicer**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-20 **55-20** [Entity B provides small, unrelated Internet merchants with credit card processing services. Customers of those merchants visit merchant websites to select products. When a customer clicks on the button to purchase a product, the customer is redirected to Entity B's secure server and the credit card information is processed. Entity B uses an unrelated major bank to process the credit card transactions and the merchant is not a party to that service contract. Entity B is the merchant of record with that bank. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-20 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-21 **55-21** [Entity B notifies both the customer and the merchant by email when the credit card charge is approved and then the merchant is authorized to ship the product by one of several common carriers that provide online package tracking so that the customer, Entity B, and the merchant are able to monitor the order status. Entity B has no responsibility for, or involvement with, the products. Merchants receive from Entity B semimonthly net payments based on the gross sales processed by Entity B less a 6% processing fee, a 5% holdback for potential returns (released after 6 months), and an adjustment for actual returns. Entity B is evaluating whether it should report revenues equal to the gross amounts processed for participating merchants (the amount billed to the retail customer) or for the net amount earned (the 6% processing fee). [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-21 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-22 **55-22** [Based on an evaluation of the circumstances, Entity B processes credit card transactions as the merchant of record, but is not directly involved in the sales transactions between merchants and customers. Entity B concludes that it should report revenue net for the fee earned in the transaction (that is, the 6% fee) because of the near absence of gross reporting indicators and the presence of persuasive net reporting indicators. The merchant, and not Entity B, is the primary obligor to the retail customer, a strong indicator that revenue should be reported net. Entity B has no fulfillment or customer service role with respect to the delivery of the products ordered or their acceptability. Entity B has no latitude or control over the prices charged to customers and earns a fixed amount (6%) from each transaction. The only indicator of gross reporting is that Entity B assumes credit risk for the amounts billed on customer credit cards and that risk is mitigated by controls in place that allow the merchant to ship the product only after approval of the credit card charge, delayed remittance of sale proceeds to the merchant, and the 5% holdback. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-22 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Example 7: Seller of Access to Industrial Application Software

FASB COD 605-45-55-23 **55-23** This Example illustrates the guidance in paragraphs [605-45-45-4 through 45-18](#).

Pending Content: ?

55-23 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)*Editor's Note: Paragraph 605-45-55-23 will be superseded upon transition, together with its heading:*> > **Example 7: Seller of Access to Industrial Application Software**[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-24 **55-24** [Entity C sells access to industrial application software that assists customers in managing their energy usage levels. Billings are on standard 30-day terms. Entity C's software is resident on Entity C's hardware and is accessed through the Internet. Entity C's software incorporates software from another vendor. In its marketing literature and sales contracts, Entity C clearly states that its software includes the other vendor's software (by name) and that the customer has the right to use that software as a component of Entity C's software. (The other software vendor is not party to the sales contract between Entity C and the customer.) Entity C sells access to its software for \$50,000 per year and pays the other vendor a fixed fee of \$15,000 per year for each annual access right sold. Currently, Entity C has complete discretion in determining the selling price. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-24 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)[Paragraph superseded by Accounting Standards Update No. 2014-09](#)FASB COD 605-45-55-25 **55-25** [Based on an evaluation of the circumstances, Entity C concludes that it should report its

revenue from software access gross at an annual total of \$50,000 per copy. (Note that the timing of recognition of that revenue is not within the scope of this Subtopic.) Entity C is primarily responsible to the customer for providing access to the total solution software, a strong indicator of gross reporting. Entity C has complete control over the sales price and has developed or physically changed its software (irrespective of the use of components from others), both indicators of gross reporting. Entity C has discretion to incorporate any other vendor software into its software, irrespective of the fact that changing to another vendor for a component would be difficult or expensive or that Entity C's agreement with its current supplier makes that supplier the exclusive supplier of the component for a stated period of time. Entity C determines software specifications, an indicator of gross reporting. Entity C has full credit risk under its credit policies with customers, a weaker indicator of gross reporting. No indicators of net reporting are present. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-25 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Example 8: Bank Offering Payroll Processing Services

FASB COD 605-45-55-26 **55-26** The following Cases illustrate the guidance in paragraphs [605-45-45-4 through 45-18](#):

1. a. Bank primarily responsible for providing services (Case A)
2. b. Payroll processor primarily responsible for providing services (Case B).

Pending Content: ?

55-26 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-26 will be superseded upon transition, together with its heading:

> > **Example 8: Bank Offering Payroll Processing Services**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-27 **55-27** Case A (Bank D) and Case B (Bank E) share the following assumptions:

1. a. [The entity is a large bank that provides a wide range of services to customers. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
2. b. [One popular offering is payroll processing with direct deposit. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-27 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> Case A: Bank Primarily Responsible for Providing Services

FASB COD 605-45-55-28 **55-28** [Bank D provides the interface with its customers but has a contract with a major payroll processing service to handle all aspects of the payroll processing. When a Bank D customer needs assistance with payroll processing, the customer service department of the processor answers the telephone announcing "Bank D Payroll Processing Service." The customer also may directly contact Bank D and the customer's account manager will coordinate with the processor. The customer is aware that Bank D outsources the payroll processing service. However, the contract for the

processing establishes Bank D as the obligated party for all aspects of the processing. The processor is not a party to that contract. Bank D has complete discretion in determining the fees to be charged for the payroll processing service. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-28 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-28 will be superseded upon transition, together with its heading:

> > > **Case A: Bank Primarily Responsible for Providing Services**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-29 **55-29** [Based on an evaluation of the circumstances, Bank D concludes that it should report the fees from payroll processing gross. Bank D is primarily responsible to the customer for providing the service, a strong indicator of gross reporting, even though Bank D outsources certain processes to an unrelated party. Bank D has complete control over the fees charged to customers and discretion at any time to engage any of a number of payroll processors to perform the service, both indicators of gross revenue reporting. Bank D has credit risk. However, fees for payroll services are debited to a customer's account at the time payroll is distributed, providing weak, if any, support for gross reporting. No indicators of net reporting are present. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-29 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>> Case B: Payroll Processor Primarily Responsible for Providing Services

FASB COD 605-45-55-30 **55-30** [Bank E and Payroll Processor F have announced a partnering agreement that is used in marketing packaged banking and payroll services. Customers arrange for the service through Bank E and the service contract involves three parties: Bank E, Payroll Processor F, and the customer. Customers pay for the service based on a single fee schedule and are unaware of how much of the fee is earned by Bank E for its banking services and how much is earned by Payroll Processor F for its payroll processing services. All customer billing matters are handled by Bank E and any credit losses are shared by Bank E and Payroll Processor F based on their agreement. Bank E and Payroll Processor F have an agreement that specifies both of the following: [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

1. a. [How customer fees are to be allocated [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
2. b. [That Bank E and Payroll Processor F individually bear the credit risk for the fees allocated to them. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-30 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-30 will be superseded upon transition, together with its heading:

> > > **Case B: Payroll Processor Primarily Responsible for Providing Services**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-31 **55-31** [Based on an evaluation of the circumstances, Bank E concludes that it should report revenue for the fees billed for payroll processing net of the amount remitted to Payroll Processor F. The customer views Payroll Processor F as primarily responsible for its segment of the overall services and views Bank E as an agent for Payroll

Processor F responsible for billing, an indicator of net reporting. Bank E has no pricing discretion for the fees charged for Payroll Processor F's services, pointing to net reporting by Bank E of its portion of the revenue. Bank E and Payroll Processor F bear their separate credit risk, an indicator of net reporting. No indicators of gross reporting are present. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-31 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Example 9: Internet-Based Advertising

FASB COD 605-45-55-32 **55-32** This Example illustrates the guidance in paragraphs [605-45-45-4 through 45-18](#).

Pending Content: ?

55-32 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-32 will be superseded upon transition, together with its heading:

> > **Example 9: Internet-Based Advertising**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-33 **55-33** [Entity H provides Internet-based advertising services to entities that want targeted web surfers to see their banner ads. Entity H and the advertiser (in this Example, a golf equipment manufacturer) agree on the goals of the ads and the demographics of the targeted individuals (golfers). Entity H uses data gathered about web surfers through the means of a software cookie placed on the computers of over 2 million people. Those cookies analyze surfing habits and forward that information to Entity H. As part of this sophisticated overall service provided to advertisers, Entity H purchases advertisement impressions or space on various websites in which the advertiser's message can appear. When a surfer meeting the demographic profile desired by the advertiser visits a site regarding golf, and if Entity H has arranged for impressions with that host site, the surfer will see an ad for the advertiser's newest equipment styles. Entity H purchases those impressions for \$1 per 1,000 impressions and maintains an inventory of those impressions on certain major host sites that may be of interest to a number of advertisers. Entity H prices the advertising services that include the impressions and the system that targets users at \$3 per 1,000 impressions. Entity H views those impressions as minor components of the service product offered. Entity H has traditional trade accounts receivable terms for its customers. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-33 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-34 **55-34** [Based on an evaluation of the circumstances, Entity H concludes that the revenue from its advertising services should be recorded gross. Entity H performs much more service than simply finding ad space for advertisers that (by contract) view Entity H as the primary obligor, a strong indicator of gross reporting. Entity H has general inventory risk related to those website impressions that are purchased in advance, an indicator of gross reporting. Entity H has latitude in establishing the price charged, an indicator of gross reporting. Entity H's comprehensive and complex demographic targeting and accurate pinpointing of those persons who should see an advertiser's message represent a significant portion of the service provided and, therefore, is an indicator of gross reporting. Entity H has discretion as to those hostsites whose banner ad space will be purchased (even though an advertiser may request certain sites) and is highly involved in the determination of service specifications (that is, the nature, type, characteristics, and specifications of the ad services), indicating gross reporting. Entity H has credit risk, a weaker indicator of gross reporting. No indicators of net

reporting are present. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-34 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Example 10: Advertising Match Services

FASB COD 605-45-55-35 **55-35** This Example illustrates the guidance in paragraphs [605-45-45-4 through 45-18](#).

Pending Content: ?

55-35 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-35 will be superseded upon transition, together with its heading:

> > **Example 10: Advertising Match Services**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-36 **55-36** [Matchmaker provides the service of matching entities needing advertising space for their advertisements with entities that have advertising space to sell. Matchmaker arranges for space and marks up the price by its fee. Although that fee often is 15% of the amount charged by the supplier of advertising space, the actual fee is a result of negotiations between Matchmaker and its customers. Advertiser needs to purchase advertising space. Newspaper is a major newspaper with advertising space to sell. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-36 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-37 **55-37** [Advertiser and Matchmaker enter into a service agreement for Matchmaker to find appropriate advertising space. The agreement requires Advertiser to accept advertising space located by Matchmaker if certain criteria are met. Matchmaker reserves appropriate space for Advertiser at Newspaper. Matchmaker is obligated to purchase the space even if Advertiser cancels the advertisement. However, because Advertiser has engaged Matchmaker to find the advertising space, cancellation is unlikely. Advertiser pays Matchmaker 115% of Newspaper's rate and Matchmaker pays Newspaper the net amount. Matchmaker provides Advertiser's advertising copy to Newspaper to print and issue. The contract between Matchmaker and Advertiser requires Advertiser to seek remedies from Newspaper for defects in advertisements (for example, improper placement or poor quality print). [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-37 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-38 **55-38** [Based on an evaluation of the circumstances, certain of the indicators point to gross reporting, while others point to net reporting. Matchmaker concludes that revenues should be reported net based on the net indicator that Newspaper is the primary obligor. Two indicators of gross reporting were identified; however, Matchmaker did not consider them sufficiently strong to overcome the net indicators. Those two gross indicators are as follows: [EITF

99-19, paragraph Exhibit 99-19A, sequence n/a]]

1. a. [Matchmaker has a low-level general inventory risk because Matchmaker is obligated to pay Newspaper for the advertising space even if Advertiser cancels the advertisement. However, this risk is mitigated because Advertiser specifically engaged Matchmaker to obtain the advertising space. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
2. b. [Matchmaker has credit risk for collecting the amount billed to Advertiser. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-38 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>> Example 11: Discount Airline Ticket Sellers

FASB COD 605-45-55-39 **55-39** The following Cases illustrate the guidance in paragraphs [605-45-45-4 through 45-18](#):

1. a. Gross reporting for discount airline ticket sellers (Case A)
2. b. Net reporting for discount airline ticket sellers (Case B).

Pending Content: ?

55-39 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-39 will be superseded upon transition, together with its heading:

> > **Example 11: Discount Airline Ticket Sellers**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-40 **55-40** Case A (Consolidator) and Case B (Travel Discounter) share the following assumptions:

1. a. [The entity negotiates with major airlines to obtain access to airline tickets at reduced rates compared with the cost of tickets sold directly by the airlines to the public. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
2. b. [The entity determines the prices at which the airline tickets will be sold to its customers and markets the tickets through advertisements in newspapers and magazines as well as the Internet. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
3. c. [The reduced rate paid to an airline by the entity for each ticket sale is negotiated and agreed to in advance. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
4. d. [Customers pay for airline tickets using credit cards, and the entity is the merchant of record. Although credit card charges are pre-authorized, the entity incurs occasional losses as a result of disputed charges. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
5. e. [The entity is responsible for the delivery of an airline ticket to the customer and bears the risk of physical loss of that ticket while in transit (although the airline has procedures for refunding lost tickets). [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
6. f. [The entity also assists the customers in resolving complaints with the service provided by airlines. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
7. g. [However, once a customer receives a ticket, the airline is responsible for fulfilling all obligations associated with the ticket, including remedies to a customer for service dissatisfaction. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-40 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>>> Case A: Gross Reporting

FASB COD 605-45-55-41 **55-41** [In this Case, Consolidator agrees to buy a specific number of tickets, and must pay for those tickets regardless of whether it is able to resell them. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-41 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-41 will be superseded upon transition, together with its heading:

> > > **Case A: Gross Reporting**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-42 **55-42** [After applying the indicators, Consolidator concludes, based on the qualitative weight of the gross and net indicators, that revenue from the sale of tickets should be reported for the gross amount billed to customers. General inventory risk exists for the tickets purchased by Consolidator, a strong indicator of gross reporting. Ticket pricing also points to gross reporting as Consolidator has complete latitude to set sales prices for tickets and, as a result, the amount Consolidator earns will vary. Weaker indicators of gross reporting are also present for physical loss inventory risk (loss of tickets during delivery) and credit risk for collecting customer credit card charges. The fact pattern seems to indicate that the airlines are the primary obligors, as only the airlines can fulfill the air travel transportation of a customer, an indicator of net reporting. However, Consolidator assists customers in resolving service complaints, a function associated with the primary obligor role. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-42 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

>>>> Case B: Net Reporting

FASB COD 605-45-55-43 **55-43** [In this Case, when Travel Discounter markets and sells tickets to customers, the carrier for a trip is identified. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]][Travel Discounter pays airlines only for tickets it actually sells to customers. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-43 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-55-43 will be superseded upon transition, together with its heading:

> > > **Case B: Net Reporting**

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-44 **55-44** [Based on an evaluation of the circumstances, Travel Discounter concludes that revenues should be reported net. The strongest indicator that is also the sole indicator of net reporting is that the airline is the primary obligor from the perspective of the customer. The following three weaker indicators of gross reporting were identified: [

EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

1. a. [Pricing latitude [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
2. b. [Physical loss of the ticket during shipping [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]
3. c. [Credit risk (for collecting amounts charged to credit cards). [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-44 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

FASB COD 605-45-55-45 **55-45** [Travel Discounter considered whether it has discretion in selecting the airline and concluded that it does not because Travel Discounter may only suggest a named airline to a customer and the customer has the discretion to accept or reject that suggestion prior to ticket purchase. The strong indicator of gross reporting, general inventory risk, is not present. [EITF 99-19, paragraph Exhibit 99-19A, sequence n/a]]

Pending Content: ?

55-45 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

[Paragraph superseded by Accounting Standards Update No. 2014-09](#)

605-45-S00 Status

Publication date: 02 May 2016

General Note: The Status Section identifies changes to this Subtopic resulting from Accounting Standards Updates. The Section provides references to the affected Codification content and links to the related Accounting Standards Updates. Nonsubstantive changes for items such as editorial, link and similar corrections are included separately in Maintenance Updates.

FASB COD 605-45-S00

605-45-S00 Status - General

Publication date: 02 May 2016

FASB COD 605-45-S00-1 **S00-1** The following table identifies the changes made to this Subtopic.

Paragraph	Action	Accounting Standards Update	Date
605-45-S45-1	Superseded	Accounting Standards Update No. 2016-11	05/02/2016
605-45-S99-1	Superseded	Accounting Standards Update No. 2016-11	05/02/2016

605-45-S45 Other presentation matters

Publication date: 02 May 2016

General Note: The Other Presentation Matters Section provides guidance on other presentation matters not addressed in the Recognition, Initial Measurement, Subsequent Measurement, and Derecognition Sections. Other presentation matters may include items such as current or long-term balance sheet classification, cash flow presentation, earnings per share matters, and so forth. The FASB Codification also contains Presentation Topics, which provide guidance for general presentation and display items. See those Topics for general guidance.

FASB COD 605-45-S45

605-45-S45 Other presentation matters - General

Publication date: 02 May 2016

> Presentation of Shipping and Handling Fees and Costs

FASB COD 605-45-S45-1 **S45-1** [See paragraph [605-45-S99-1](#), SEC Observer Comment: Accounting for Shipping and Handling Fees and Costs, for SEC Staff views on presentation of shipping and handling costs. [EITF 00-10, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

S45-1 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-S45-1 will be superseded upon transition, together with its heading:

> **Presentation of Shipping and Handling Fees and Costs**

[Paragraph superseded by Accounting Standards Update No. 2016-11](#)

605-45-S99 SEC materials

Publication date: 02 May 2016

General Note: As more fully described in [About the Codification](#), the Codification includes selected SEC and SEC Staff content for reference by public companies. The Codification does not replace or affect how the SEC or SEC Staff issues or updates SEC content. SEC Staff content does not constitute Commission-approved rules or interpretations of the SEC.

FASB COD 605-45-S99

605-45-S99 SEC materials - General

Publication date: 02 May 2016

> SEC Staff Guidance

>> Comments Made by SEC Observer at Emerging Issues Task Force (EITF) Meetings

>>> SEC Observer Comment: Accounting for Shipping and Handling Fees and Costs

FASB COD 605-45-S99-1 **S99-1** The following is the text of SEC Observer Comment: Accounting for Shipping and Handling Fees and Costs.

- [Paragraphs [605-45-45-20](#) and [605-45-50-2](#) require that shipping and handling fees billed to a customer should be classified as revenue (only for those entities that record revenue based on the gross amount billed to the customer) and states that the classification of shipping and handling costs incurred by the seller is an accounting policy decision. The SEC staff expects SEC registrants to evaluate the significance of shipping and handling costs for the purpose of applying this guidance based on the significance of those costs to each line item on the income statement that includes them and on their significance in total to gross margin. [EITF 00-10, paragraph DISCUSSION, sequence n/a]]

Pending Content: ?

S99-1 Transition Date: (P) December 16, 2017; (N) December 16, 2018| **Transition Guidance:** [606-10-65-1](#)

Editor's Note: Paragraph 605-45-S99-1 will be superseded upon transition, together with its headings:

> SEC Staff Guidance

> > Comments Made by SEC Observer at Emerging Issues Task Force (EITF) Meetings

> > > SEC Observer Comment: Accounting for Shipping and Handling Fees and Costs

[Paragraph superseded by Accounting Standards Update No. 2016-11](#)

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